GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

Industries & Commerce Department – New Andhra Pradesh Industrial Development Policy (4.0) 2024-29 – Orders – Issued.

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INDUSTRIES & COMMERCE (P&I) DEPARTMENT

G.O.Ms.No.68 **Dated:26.10.2024**

Read the following:

1. G.O.Ms.No.22, Industries & Commerce (P&I) Department, Dt:19.03.2023.
2. From Director of Industries, Mangalagiri, e-file No.INC02-21045/53/2024-DD-INFRA-DOI (Computer No.2583507)

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ORDER:

In the G.O.1st read above, Government have issued Andhra Pradesh Industrial Development Policy 2023-27 providing various incentives and support measures for promotion of Industries in the State. Vide reference 2nd cited, the Director of Industries has stated that the Government of Andhra Pradesh has set itself a challenging task to build a robust Industrial sector in the state, that contributes significantly to the economy of the state as well as creates large scale employment. The Government is keen towards realizing its vision, and re-positioning brand AP on global platform. Towards achieving the vision, the Govt. is prioritizing plans to review and revise the Industrial Development Policy to make it more competitive and appealing proposition to investors. This initiative is essential for revitalizing economic activity, promoting the state's economic growth and social development, and establishing a supportive environment for industrial advancement in our state.

2. The Director of Industries stated that Andhra Pradesh has consistently been at the forefront of industrial development, implementing numerous policy initiatives to foster growth and innovation. Through its industrial policy, the state aims to address several key areas like., Balanced, Resilient, and Sustainable Growth, Green Energy Transition, Integration into Global Value Chain, Gateway to the East, Riding the Emerging Tech Wave, Capitalize on Demographic Dividend, Circular Economy, Industry 4.0 and AI Adoption etc.

3. Further, the Director of Industries has submitted that considering the evolving needs of investors, climate change practitioners, and the necessity to create employment opportunities for the indigenous workforce, state is course correcting its Industrial development policy. The forward-looking aims to establish a supportive ecosystem that fosters economic value while

encouraging responsible actions towards climate goals and human safety. With the above needs and after detailed consultations with various stakeholders and learning best practices from other States, the Director of Industries, Mangalagiri has prepared and proposed a new Andhra Pradesh Industrial Development Policy (4.0) 2024-29.

4. The remarks of the Finance Department have been received vide e-FILE No.INC02-21/46/2024-FP-DOI (C.No.2506386) that the Capital subsidy on investments and additional subsidies like Top up Subsidy on PLI subsidy, Employment Subsidy and Decarburization Subsidy are proposed for the first time and they are a very welcome move and will attract many investors to the State of AP. In respect of 'Early Bird' category to expedite off-take of the policy, the Finance Department advised the Industries & Commerce Department to tap maximum cash outgo under various categories of incentives/subsidies to 75% of FCI. Further, the Finance Department has remarked that Industries department have to work out a self-financing model to pay Industrial incentives proposed under various policies. Taking into consideration the fiscal conditions of the State Government and the complexities in the financial outlay, the move becomes most important to sustain the momentum to be created due to introduction of new incentive interventions through the Policy.

5. Hence, the Government, after careful examination of the proposal, hereby introduce the Andhra Pradesh Industrial Development Policy (4.0) 2024-29. The Policy Document, under Annexure, is appended to this order.

6. This policy shall be in force for shall be valid for a period of 5 years from the date of the policy notification, or till a new Policy is announced. The Government of Andhra Pradesh may extend the period of this Policy as and when required. The policy may be amended and modified during implementation. The Policy shall be applicable to the entire State. This policy shall be applicable to (a) New and existing enterprises investing and establishing enterprise(s) and investment(s) and (b) Existing enterprises investing in expansion of enterprise(s) and investment(s). The Incentives mentioned in the policy will be extended to Industries as per the operational guidelines to be notified separately.

7. This order issues with the remarks of the Finance (FMU-I&I, Energy and I&C) Department as mentioned above.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

N YUVARAJ
SECRETARY TO GOVERNMENT & CIP

To
The Director of Industries, Andhra Pradesh, Mangalagiri.

The Vice Chairman & Managing Director, Andhra Pradesh Industrial Infrastructure Corporation, Mangalagiri, Guntur.
The Director of Handlooms and Textiles. Yerrabalem, Mangalagiri.
The Director of Mines and Geology, Ibrahimpatnam, Vijayawada.
The Managing Director, Andhra Pradesh State Financial Corporation, Tadepalli, Guntur.
The Principal Finance Secretary, AP Secretariat, Velagapudi.
The Secretary to Government, Finance Department
The Secretary to Government, Social Welfare Department.
The Secretary to Government, Tribal Welfare Department
The Special Chief Secretary Secretary to Government, Revenue (CT/LA) Department.
The Special Chief Secretary to Government, Irrigation & CAD (Reforms) Department.
The Special Chief Secretary to Government, Energy Department.
The Secretary to Government, I&I Department.
Copy to
The LFB&IMS Department.
The Accountant General, Andhra Pradesh, Hyderabad
The Convener, State Level Banker's Committee.
The General Manager, Small Industry Development Bank of India, (SIDBI),
The Pay and Accounts Officer, Mangalagiri.
All District Collectors through Director of Industries, Mangalagiri.
All Heads of Departments through Director of Industries, Mangalagiri.
All Departments of Secretariat, Velagapudi.
All Govt. Companies/Corporations through Director of Industries, Mangalagiri.
The P.S. to Addl. Secretary to Chief Minister, Andhra Pradesh.
The P.S. to Chief Secretary to Government, Andhra Pradesh.
All Private Secretaries to the Ministers.
All General Managers, District Industries Centre in the State through Director of Industries, Mangalagiri.
All Sections in the Department.
SF/SC.

// FORWARDED :: BY ORDER//

SECTION OFFICER

ANNEXURE

(Annexure to G.O.Ms.No.68, Industries and Commerce (P&I) Department, Dt:26.10.2024.)

ANDHRA PRADESH INDUSTRIAL DEVELOPMENT POLICY (4.0) 2024-29

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ABBREVIATIONS

AE	Advanced Estimates
AP	Andhra Pradesh
AIIMS	All India Institute of Medical Sciences
APIIC	Andhra Pradesh Industrial Infrastructure Corporation
APPCB	Andhra Pradesh Pollution Control Board
APSSDC	Andhra Pradesh State Skill Development Corporation
CAGR	Compound Annual Growth Rate
CBIC	Chennai Bengaluru Industrial Corridor
CFC	Common Facility Center
CFE	Consent for Establishment
CFO	Consent for Operation
DCP	Date of Commercial Production
DGCIS	Directorate General, Commercial Intelligence and Statistics
DPIIT	Department for Promotion of Industry and Internal Trade
EoDB	Ease of Doing Business
EPI	Export Preparedness Index
FCI	Fixed Capital Investment
FDI	Foreign Direct Investment
GI	Geographic Indicator
G.O.	Government Order
GoAP	Government of Andhra Pradesh
GSDP	Gross State Domestic Product
HBIC	Hyderabad Bengaluru Industrial Corridor
INR	Indian Rupee
IIM	Indian Institute of Management
IIT	Indian Institute of Technology
IT	Information Technology
ITI	Industrial Training Institute
LEADS	Logistics Ease Across Different States
MRO	Maintenance, Repair & Overhaul
MSME	Micro, Small and Medium Enterprise
NID	National Institute of Design
O&M	Operational
PCPIR	Petroleum, Chemicals and Petrochemicals Investment Region

PPP	Public Private Partnership
R&D	Research and Development
RCEP	Regional Comprehensive Economic Partnership
SDG	Sustainable Development Goal
SEZ	Special Economic Zone
STEM	Science, Technology, Engineering and Mathematics
SIPB	State Investment Promotion Board
SIPC	State Investment Promotion Committee
STEM	Science, Technology, Engineering, and Mathematics
USD	United States Dollar
USMCA	United States Mexico Canada agreement
VCIC	Vizag Chennai Industrial Corridor

Note: USD 1 = INR 83

1 PREAMBLE

1.1 BACKGROUND

The state of Andhra Pradesh, strategically located in the southeastern part of India, has successfully leveraged its natural strengths for the last 3 centuries, to build a thriving industry and trade ecosystem. The 975-kilometer-longcoastline of Andhra Pradesh, the bedrock of such growth, has historically supported vibrant global trade and today, positions the state as a key player on a global platform, connecting India to the world. Ports such as Visakhapatnam, Kakinada and Krishnapatnam serve as crucial gateways for exports and imports along the length of the state's coastline, deeply integrating India's hinterlands into the intricate global trade networks.

Post bifurcation of the state in 2014, the residual state of Andhra Pradesh has invested significant efforts in building on this phenomenal industrial legacy and aggressively promoting the strengths of the state. This has yielded rich results in achieving many firsts for the state. The state attracted India's largest FDI in automobile sector, saw investment from the first of its kind mobile phone assembly plants in the state and became the only Indian state to initiate development of 3 industrial corridors. The state leveraged digitization to transform industrial approval and tracking process and brought in landmark reforms that has made it stand at No.1 position in successive editions of "Ease of Doing Business" rankings adjudged by the Department for Promotion of Industry and Internal Trade (DPIIT), Government of India.

The momentum created between since 2014 continues to yield results even till today. Andhra Pradesh's Gross State Domestic Product (GSDP) 2023-24 is estimated at INR 14.39 Lakh Crores (current prices), with a Compound Annual Growth Rate (CAGR) of 11% from 2011-12 to 2023-24. The state's economy saw diversification, with significant contributions from agriculture, industry, and services. Despite losing significant financial resources post bifurcation and competing with leading industrialized neighbors, the strong foundation enabled Andhra Pradesh to continue as an attractive destination for investments in India.

In the last decade, the state started comprehensive infrastructure plans, combining ports, airports, industrial corridors, parks, and essential utilities like power, water, and roads. This has made the state a top investment destination and will support industrial growth and job creation for the next 20-30 years.

The state also saw rapid proliferation of major industries to all corners of the state, including Visakhapatnam, Vijayawada, Chittoor, Tirupati, Anantapur and Kurnool, successfully leveraging the state's proximity to all demand centers across South India. The strong foundation laid has also helped the state position itself as a key export base within India, catering to a diverse range of products in its trade portfolio.

However, as India looks to integrate deeper into the global value chains and become the dominant destination for manufacturing, Andhra Pradesh stands at the forefront of India's industrial transformation. With a strong foundation in manufacturing, a thriving ecosystem of innovation deep-seated in learning and education, and an unwavering commitment to

sustainable development, Andhra Pradesh is poised to embrace the challenges and seize the opportunities of the future. As India strides towards a new era of industrial growth, the government aims to create an enabling framework for industrial development that harmonizes economic prosperity with environmental stewardship and social responsibility with the promise of bringing in 'speed of doing business' for the investor community.

1.2 INDUSTRY SECTOR - KEY HIGHLIGHTS

1.2.1 Sectors and Investments in State

1. There are over 1,066 Large and Mega Enterprises operating in the state. Since the formation of the state, in last 10 years, INR 1.4 Lakh Crores worth of investments have been realized and 2.54 lakh employment has been created.
2. The highest investment values in the state have been directed towards the Chemicals & Petrochemicals sector (36%), followed by Infrastructure (15%), Basic Metals & Alloys (8%), Food, Agro & Marine Products (6%), Renewable Energy (6%), Auto & Auto components (6%), and Electrical & Electronics (5%).
3. Andhra Pradesh's export portfolio includes a significant portion of raw materials, with 53% of exports going to RCEP (28%) and USMCA (25%) trade blocs for value addition. Impressively, 11% of the state's export basket generates 78% of its export revenue.
4. Top export products from Andhra Pradesh include pharmaceuticals, marine products, shipbuilding & floating structures, organic chemicals, iron and steel and wood pulp and fiber.

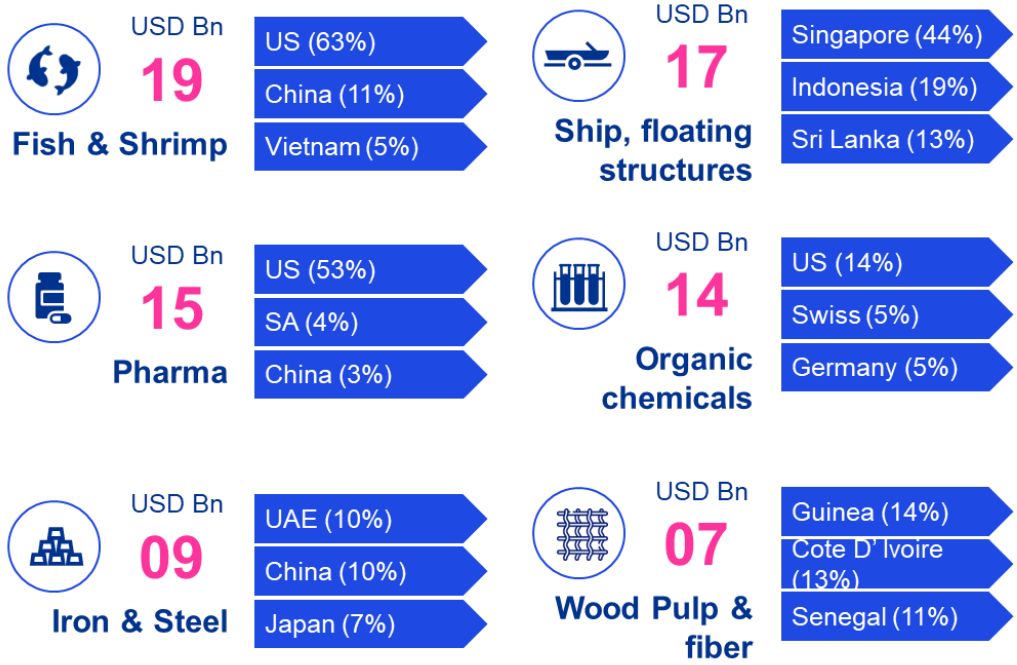


Figure 1: Top merchandise export products from AP | source: DGCIS (2014-24)

1.2.2 MSME presence and clusters

1. Andhra Pradesh accounts for 9 Lakh registered MSMEs as of February 2024, accounting for approximately 3.23% of India's formalized MSME's, according to the Udyam database of Government of India. The National Sample Survey 2015-16 estimates that there are 34 Lakh MSMEs in the state, indicating that many operate in the unorganized sector, underscoring the need for formalization.
2. The sector is crucial for job creation, generating nearly 10 jobs for every 1 Crore investment. It also significantly contributes to the economy, accounting for 23.5% of GDP and 28.3% of exports.
3. The majority of MSMEs are concentrated in the services sector (79%) and are classified as Micro enterprises (97%). In the manufacturing sector, MSMEs are primarily engaged in food processing, textiles, non-metallic minerals, and pharmaceuticals, driven by the availability of raw materials and a favorable ecosystem.
4. There are 28 exclusive MSME parks in Andhra Pradesh, spread across 1,378 acres, with a 64% occupancy rate.
5. To support clusters with common facilities, the state is implementing 9 Common Facility Centers (CFCs) and 32 Infrastructure Development projects, dovetailing to schemes from Government of India.

1.2.3 Well-developed Physical Infrastructure

The state is developing 3 industrial corridors with linkages to all the major infrastructure within the state of Andhra Pradesh, namely:

1. **Ports:**1 Major and 5 non-major ports in operation
2. **Airports:**7 airports facilitating domestic and international connectivity.
3. **Roads**: Extensive network of national and state highways.
4. **Rail:** Comprehensive rail routes connecting major industrial hubs.
5. **Industrial Corridors:** Visakhapatnam-Chennai Industrial Corridor, Chennai-Bengaluru Industrial Corridor, and Hyderabad-Bengaluru Industrial Corridor.
6. **Dedicated Freight Corridors:** Enhancing cargo movement efficiency.
7. **Industrial Parks**: 211parks providing ready industrial land

1.2.4 Power

1. Andhra Pradesh is a power surplus state with an installed power generation capacity of 20 GW, with over 39% from renewable sources in FY 23. The total energy consumption during the period was 72,400 MU.
2. Additionally, the state is developing significant renewable energy capacity that can help reduce the cost of power supply while also decarbonizing the economy.

1.2.5 Human Capital Development

1. Andhra Pradesh is home to a diverse range of higher education institutions, including 3 central universities, 20 central autonomous institutions, 25 state universities, 4 deemed universities, and 5 private universities. Notable institutions include the All-India Institute of Medical Sciences (AIIMS - Mangalagiri), Indian Institute of Management (IIM - Visakhapatnam), Indian Institute of Technology (IIT - Tirupati), Indian Institute of Petroleum and Energy (IIPE- Visakhapatnam), and National Institute of Design (NID - Vijayawada) among others.

2. Andhra Pradesh has a strong foundation in Science, Technology, Engineering, and Mathematics (STEM) education. Approximately 75% of students choose Science streams after completing the 10th grade, which is significantly higher than the national average of 42%. This trend reflects the state's focus on developing a skilled workforce equipped for technology-driven industries and modern services.
3. With a literacy rate of around 67% and labor force participation rate of 55%, the state provides a large pool of youth for the rapidly growing industrial base in the state. Moreover, Andhra Pradesh is actively working to enhance education and skill development throughout the state. The government is prioritizing educational access, especially in rural regions, by implementing initiatives to improve infrastructure, train teachers, and advance digital literacy.

1.2.6 Achievements and Positioning of State

1. Andhra Pradesh has been graded in the "achievers" category for coastal states in Logistics ease as adjudged by the "Logistics Ease Across Different States" (LEADS) report 2023.
2. Andhra Pradesh ranks 8th in the Export Preparedness Index released by NITI Aayog in 2022. In "Top 100 Export Districts" from India, 8 districts are from Andhra Pradesh. Vishakhapatnam and East Godavari are amongst the top exporting districts in the country.
3. The state stands in top 10 in the NITI Aayog's SDG Performance Report 2023-24, excelling in areas such as affordable energy (1st rank) and life below water (2nd rank).
4. Andhra Pradesh has been recognized as one of the top 7 leading states in energy efficiency by the Bureau of Energy Efficiency in its 2023 State Energy Efficiency Index.

1.3 NEED FOR A NEW INDUSTRIAL POLICY 2024-29

1. For nearly three decades, companies have heavily invested in Asia, drawn by its low labor and production costs, as well as its substantial and expanding domestic consumer market. This has led to an overconcentration of business interests in few countries, posing risks to the supply chain.
2. Given the current global dynamics, companies are now looking to diversify their production and supply chain activities by establishing alternative manufacturing or sourcing locations such as India. This strategy aims to mitigate rising production costs, diversify production risks, and address the impacts of volatile geopolitical scenarios and stringent policy regimes.
3. India is considered as a favored alternative, owing to its warm relationships with major economies around the world, large and growing consumer market, cost-competitive manufacturing, skilled labor force, strategic geopolitical location, economic reforms, and supportive ecosystem. However, while India offers significant advantages for companies wishing to realign their supply chains, it also needs to continue its pathbreaking reforms that has seen advance in the last decade.
4. Through its renewed industrial policy, the state of Andhra Pradesh aims to continue such reform-based agenda and address several key areas such as:
   a) **Balanced, Resilient, and Sustainable Growth:** Focus on achieving economic growth that is not only robust and adaptable to changes but also environmentally sustainable and socially inclusive.

b) **Green Energy Transition and Decarbonization:** Shift towards renewable energy sources, promoting energy efficient equipment, utilizing low-carbon fuels, implement carbon capture methodologies and circularity principles.
c) **Integration into Global Value Chain:** Enhance the state's participation in international trade and production networks, making it a crucial link in the global supply chain.
d) **Gateway to the East:** Position the state as a strategic entry point for businesses looking to access markets in Eastern countries, leveraging its geographical and economic advantages.
e) **Riding the Emerging Tech Wave:** Embrace and promote the adoption of cutting-edge technologies such as blockchain, IoT, and 5G to drive innovation and economic growth.
f) **Capitalize on Demographic Dividend:** Utilize the state's young and growing population to boost economic productivity and innovation.
g) **Circular Economy:** Implement practices that promote recycling, reuse, and sustainable resource management to minimize waste and environmental impact.
h) **Industry 4.0:** Advance the adoption of smart manufacturing technologies, including automation, data exchange, and cyber-physical systems, to enhance industrial productivity and efficiency.
i) **AI Adoption:** Encourage the integration of artificial intelligence across various sectors to improve efficiency, decision-making, and innovation.

Considering the evolving needs of investors, climate change practitioners, and the necessity to create employment opportunities for the indigenous workforce, the State is course correcting its Industrial development agenda. The renewed, forward-lookingpolicy aims to establish a supportive ecosystem that fosters economic value while encouraging responsible actions towards climate goals and human safety.

2 POLICY PERIOD & APPLICABILITY

2.1 POLICY PERIOD

1. This Policy shall be valid for a period of 5 years from the date of the policy notification, or till a new Policy is announced.
2. The policy may be amended and modified during implementation; however, all such amendments and modifications shall be applied prospectively and shall not curtail any benefit or concession already granted under the policy.
3. The Government of Andhra Pradesh may extend the period of this Policy as and when required. The Policy shall be applicable to the entire State and shall give direction to boost economic development in the State.

2.2 APPLICABILITY

2.2.1 Applicable for New and Expansion Projects

1. This policy shall be applicable to following categories of enterprise(s) and investment(s):
   a) New and existing enterprises investing and establishing new units.

b) Existing enterprises investing in expansion of units.

2. The enterprise needs to obtain Consent for Operation (CFO) and commence commercial production during the operative period of the Policy, unless otherwise exempted through a G.O., to be eligible to claim incentives under this policy.

2.2.2 Investment Cut-off Date for eligibility of incentives under the new policy

This policy shall substitute IDP 2023 – 27 from the date of notification of this policy. However, enterprise(s) availing benefits under IDP 2023-27 shall continue to avail eligible benefits under that policy till the end of its operative period.

3 POLICY FRAMEWORK

3.1 VISION

Transform Andhra Pradesh into aninternationally competitive industrial hub, seamlessly integrated into the global value chains and renowned for achieving product perfection across sectors.

3.2 GUIDING PRINCIPLES

Motto - Reduce cost of production and improve speed of business for enterprises

HIGH QUALITY
Globally attractive Manufacturing Hub
Create competitive ecosystem for Sustainable manufacturing
Product Perfect Value Creation
Build marquee Global Indian brands
Green Energy Transition
Integrate various verticals of RE generation to increase green energy footprint
Interlinking of rivers
To leverage inland waterways for transportation
Dovetailing with GoI Schemes
Complementing national initiatives
Attract FDI in Emerging Sectors
Attract Fortune 500 companies to state
Employment Creation
Capitalize on the demographic dividend
AI, IoT, Industry 4.0
Seamlessly integrate with IT, IoT & AI
Port based value addition
Establish clusters in proximity to ports, for manufacturing products with export potential
End to end domestic value creation
strengthening current ecosystem and focusing on value addition

3.2.1 Globally attractive Manufacturing Destination

Through this policy, Andhra Pradesh will create conducive environment for enterprise looking to diversify manufacturing base, expand to new markets, **without compromising climate goals**. In response to the evolving geopolitical landscape, global manufacturers have sought new production bases to diversify their operations. India's large consumer market has positioned it as a preferred destination for major multinationals. This policy will encourage enterprises looking to set up their base to diversify production by offering competitive incentive and **support in achieving their emission reduction endeavors**.

3.2.2 Encourage Product Perfect Value Creation

This policy aims to support enterprises in achieving the highest standards of quality, ensuring that **products manufactured in the state meetemission reduction norms and standards**. To facilitate this, the government will provide comprehensive support to enterprises seeking globally recognized quality certifications. This includes offering incentives, technical assistance, and access to training programs that focus on quality management systems. By helping businesses obtain certifications, the government aims

to enhance the credibility and competitiveness of local products in the global market. Also, State will encourage local enterprises to manufacture quality products.

3.2.3 Focus on Attracting FDI in Emerging Sectors

The government aims to establish the state as a premier destination for Foreign Direct Investment (FDI) by creating a **conducive business friendly and climate responsible environment**. The state will focus on enhancing infrastructure, ensuring ease and speed of doing business, and providing robust support systems to attract global investors. By showcasing the state's strategic advantages, such as its geographical location, skilled workforce, and abundant resources, the government seeks to draw significant FDI inflows.

The government will actively engage with these global giants through targeted outreach programs and high-level delegations. The state will highlight its competitive advantages, including advanced infrastructure, favorable business climate and Industry friendly policy initiatives. By fostering partnerships with Fortune 500 companies, the state aims to drive technological advancements, enhance skill development, and create high-value employment opportunities.

3.2.4 Support Employment Creation

The government is committed to creating substantial employment opportunities through this policy. By focusing on key sectors and leveraging the state's strengths, the policy aims to generate jobs for 5 lakh individuals over the next five years.

Andhra Pradesh has the advantage of qualified manpower as it is home to premier educational institutions like IIT Tirupati, IIM Visakhapatnam, SPA Vijayawada, NIT, NLU, NIFT, etc. There are 250+ engineering colleges, 500+ ITIs, 250+ polytechnics, and dedicated Skill colleges which further augment its educational infrastructure. The State Government is committed to Human Resource development and has actively promoted private sector participation in setting up training and skilling institutes.

3.2.5 Green Energy Transition

The government recognizes the **urgency in action towards climate change and is committed to promoting the use of renewable energy sources**. By harnessing the state's abundant renewable resources, such as solar, wind, hydro, and biomass, the government aims to reduce dependence on fossil fuels, lower greenhouse gas emissions, and mitigate the impacts of climate change. This approach not only ensures a cleaner environment but also supports long-term economic growth by creating green jobs and fostering innovation in the renewable energy sector. For comprehensive and sustainable development efficient energy management is one of the corner stone. Over the years, theState has taken numerous innovative steps to produce energy from pumped storage, biomass and solar. The state is looking to achieve 40 GW energy from renewable source by 2030. This policy will help the sector by addressing the issues related to financing, land consolidation and promoting research & development and innovation.

Through this policy, the government aims to **promote the principles of Recycle, Reuse, and Reduce (RRR)**. It will support **research and development in circular economy** technologies and practices, fostering innovation and the creation of new

solutions. Encouraging collaborations between the public sector, private companies, and academic institutions to accelerate the development and implementation of circular economy initiatives.

3.2.6 AI, IoT, Industry 4.0

Industry 4.0 plays a crucial role in the manufacturing sector. It's a disruptive concept that transforms production methods, enhances productivity, and boosts global competitiveness. At its core, Industry 4.0 relies on two key pillars: the Internet of Things (IoT) and Artificial Intelligence (AI). The convergence of AI and IoT enables manufacturers to leverage data from IoT devices, making informed decisions to optimize operations.

The state will create conducive environment for research, workforce training and bridging skill gaps, address ethical issues in the responsible utilization of AI in manufacturing and simplify compliance with regulations and industry standards.

3.2.7 Leverage advantage of inland water transport through interlinking of rivers

The government aims to harness the potential of inland waterways to enhance the state's transportation infrastructure. Water transport is cheapest way to transport goods among the various mode of transportation. Investing in the development of ports, terminals, and related infrastructure along inland waterways can create new economic opportunities and generate employment.

3.2.8 Port based value addition

India's trade with the Global East is projected to grow faster than the global average. Andhra Pradesh (AP) is poised to become a 'Logistics Hub for the East' due to its strategic locational advantages. The state features three ports with drafts over 18 meters, contributing to 15% of India's total port handling capacity. The Vizag-Chennai Industrial Corridor, along with the Chennai-Bangalore and Hyderabad-Bangalore corridors, further strengthens its logistical significance. Enhancing value addition near ports for high-value goods will enable AP to leverage its logistical strengths and stimulate economic growth.

3.2.9 Dovetailing with Government of India Schemes

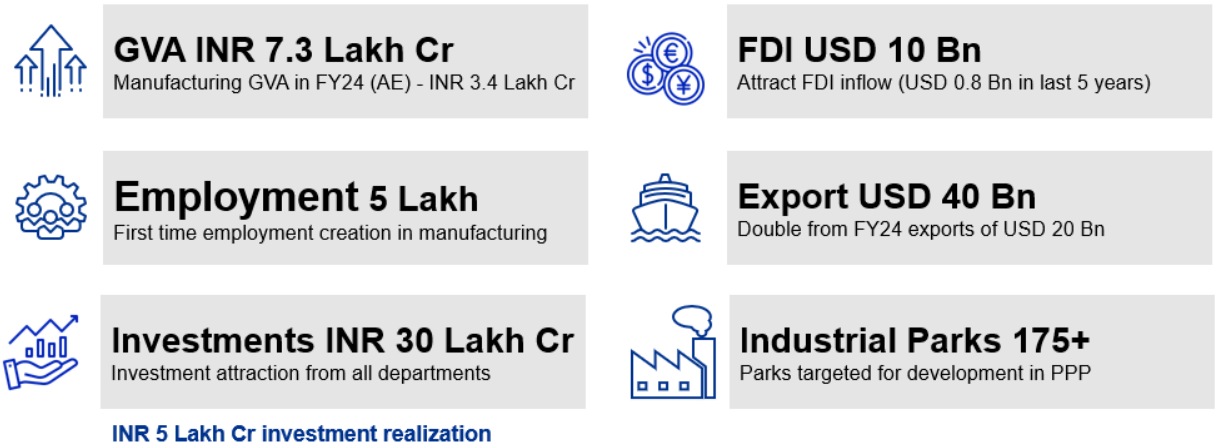
Over the years, the Government of India has implemented several initiatives to establish India as a significant manufacturing hub. These efforts aim to enhance industrial growth, attract investment, and boost production capacities. In alignment with these national initiatives, the state will take requisite measures to complement existing efforts. These steps may include providing additional incentives, introducing new schemes, and framing new rules to create a **conducive environment for manufacturing and economic development without compromising climate goals and social justice**.

3.2.10 End to end value creation for domestic raw material industries

The State's exports stood at USD 19 Billion in FY 2024 and majority of export is form of bulk cargo i.e. simply exporting raw material for processing at other places. The State shall focus on adopting strategies that includes responsible product diversification, strengthening current ecosystem and focusing on value addition based on current export potential of the districts. The state will encourage GI tagging of local produce such as agri produce, marine products, toys and garments.

3.3 TARGETS

1. Increase Gross Value Addition from Manufacturing from current INR 3.4 Lakh Crores in FY 24 (AE) to INR 7.3 Lakh Crores by the end of the policy period.
2. Attract Investments worth INR 30 Lakh Crores, with ~15% of investment worth INR 5 Lakh Crores to be operationalized during the policy period.
3. Attract minimum USD 10 Billion of FDI (INR 83,000 Crores) to state during the policy period.
4. First time employment creation of 5 Lakhs during the policy period from manufacturing sector
5. Develop more than 175 Industrial Parks during the policy period.
6. Increase exports by 15% y-o-y and double the export value from state from current USD 20 Billion (INR 16,600 Crores) in FY 24 to USD 40 Billion (INR 33,200 Crores) by the end of the policy period.


GVA INR 7.3 Lakh Cr
Manufacturing GVA in FY24 (AE) - INR 3.4 Lakh Cr
FDI USD 10 Bn
Attract FDI inflow (USD 0.8 Bn in last 5 years)
Employment 5 Lakh
First time employment creation in manufacturing
Export USD 40 Bn
Double from FY24 exports of USD 20 Bn
Investments INR 30 Lakh Cr
Investment attraction from all departments
Industrial Parks 175+
Parks targeted for development in PPP
INR 5 Lakh Cr investment realization

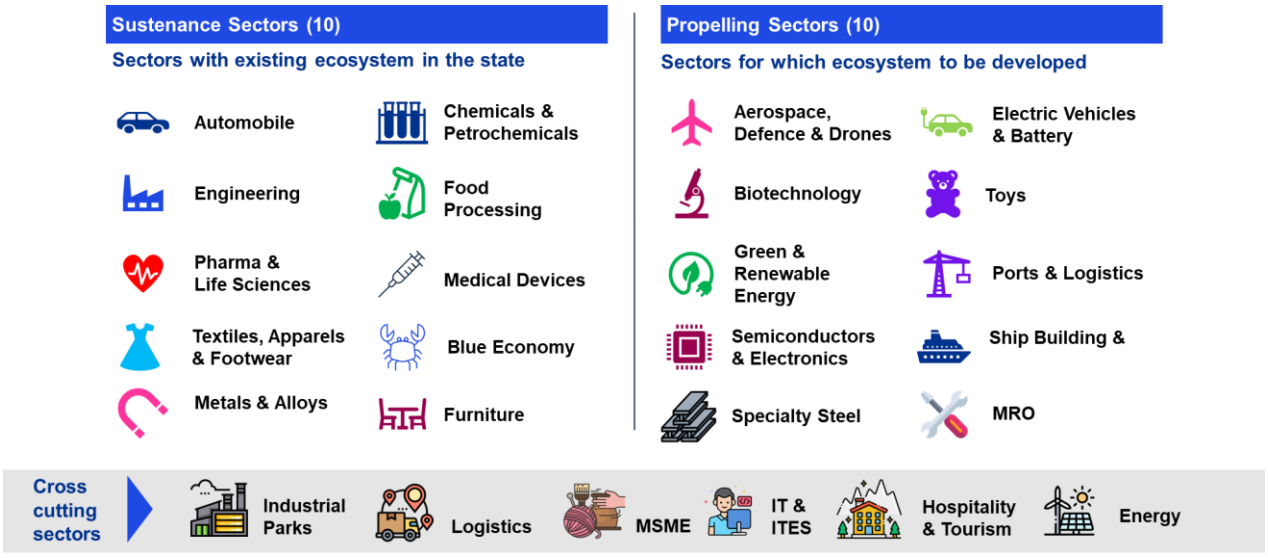
3.4 APPROACH

The government wishes to realize its vision and targets and implement its guiding principles by focusing on the following areas:

1. Defining sectors of focus
2. Reducing cost of production
3. Driving initiatives enabling Speed of Doing Business
4. Strengthening MSMEs and Entrepreneurs
5. Financial Incentives to fast-track investment attraction.

4 FOCUS SECTORS

To achieve the policy targets, the government has identified two categories of focus sectors groups to develop, namely sustenance sectors and propelling sectors. **Sustenance** sectors are those sectors which have firmly established presence in the state and hold tremendous potential to add to the GSDP and employment. **Propelling** sectors are those sectors, which are gaining traction globally at a rapid pace and hold tremendous potential to link Andhra Pradesh to the global supply chain.



5 REDUCING COST OF PRODUCTION

The government through interventions in following areas intends to bring down the cost of production for the larger manufacturer community.

01	02	03	04	05
Land consolidation for industrial use in industrial nodes	**Efficient & Quality Power, water & road Infra in Parks**	**Efficient Industrial + social+ logistics infrastructure development**	**Rationalization of tariffs & duties to bring stability in rates**	**Improve labor productivity for increased availability & accessibility of skilled talent**
➢ Minimize time delays in acquisition ➢ Visibility on sectoral clusters being developed	➢ Reduces risk of project delays from delayed infra ➢ Efficient management of park facilities	➢ Modal share shift to minimize transportation costs ➢ Industrial housing in Industrial parks	➢ Minimize uncertainty risks ➢ Reduce cost of operation	➢ Reduce cost of acquiring skilled talent ➢ Improve Manufacturing productivity
Adding 29 new clusters covering 1.32 lakh acres to existing 20 clusters	Participation of private sector for infrastructure development, O&M	Raw material hubs, Dedicated Freight corridors, Interlinking river, supply chain finance	Optimization of tariff structures	• Skill Census • Industry adoption of ITIs

1. Consolidation of land in nodes along industrial corridor
2. Efficient and Quality infrastructure in Industrial Parks
3. Efficient Logistics Infrastructure to bring down logistics cost.
4. Rationalization of tariffs and duties to bring down operating cost.
5. Improve labor productivity to increase availability and accessibility of skilled talent.

5.1 CONSOLIDATION OF LAND IN NODES ALONG INDUSTRIAL CORRIDOR

Andhra Pradesh is the only Indian state to have three (3) National industrial corridors –

1. VCIC– Visakhapatnam Chennai Industrial Corridor
2. CBIC – Chennai Bengaluru Industrial Corridor
3. HBIC – Hyderabad Bengaluru Industrial Corridor

The industrial corridors will significantly expand and enhance the competitiveness of manufacturing sector and facilitate employment creation in Andhra Pradeshthrough creation of efficient and integrated infrastructure. Further, the program will expand multi-modal transport networks along corridors, enhance institutions for corridor management, and address skills gaps to support industrialization.

Additionally, the government currently has 20 existing clusters with available industrial land extent spread across 14,093 acres. The state has further identified 30 clusters covering land extent 1.3 Lakh acres, out of which 54,781 acres is port based and 75,683 acres is hinterland based clusters. Of the total land identified, 44,777 acres is in state's possession.

Further, these clusters will be deeply integrated into the industrial corridor network, facilitating forward and backward linkages, efficient logistics network between supply and demand centers and provide seamless movement of goods right from the ports to the hinterlands.

5.2 EFFICIENT AND QUALITY INFRASTRUCTURE IN INDUSTRIAL PARKS

Provision of external infrastructure such as road, water and power connection to the doorstep of industrial parks is extremely critical for investors to start or scale their operations. However, due to various external factors and institutional delays, the projects delays end up impacting financial viability of investor projects.

To overcome this issue, the government will invite private sector participation to fast-track external infrastructure projects and complete the project within time and budget. **Towards this end, a dedicated Private industrial Parks policy is introduced which elaborates on various models to incentivize development of private industrial parks.**

Following are three Industrial Parks development models for the Private Players to participate under the new Private Parks policy.

5.2.1 Model I – Industrial Park Development with complete private land

Private Developer acquires land on his own and develops the Industrial Park with the required infrastructure such as internal access roads, communication facilities, power infrastructure, water distribution infrastructure and water recycling facilities, sewage and drainage lines, effluent treatment and disposal facilities and other facilities as may be required.

5.2.2 Model – II - Industrial Park Development with Partial Government / APIIC Land

Private Developer acquires majority of the required land and seeks support from the Government to consolidate Government land with in or around the proposed park for continuity purpose. Government will facilitate in consolidating the requisite land parcels for the project. Based on the extent of land consolidated by the Government / APIIC, the private developer will share proportionate number of developed plots to Nodal Agency / APIIC.

5.2.3 Model – III - Industrial Park Development with Complete Government / APIIC Land

Government / APIIC will provide private developers with the identified industrial land. Private developers shall be selected through competitive bidding and selected bidder will enter into a Joint Venture Agreement for development, O&M and marketing of the Industrial Park. Based on the extent of land allotted by the Government / APIIC, the private developer allots proportionate number of developed plots to Nodal Agency / APIIC.

5.3 EFFICIENT LOGISTICS INFRASTRUCTURE TO BRING DOWN LOGISTICS COST

5.3.1 Creating Raw Material Hubs

To achieve the objective of port-based value addition, government will attract investments from large shipping and logistic operators to establish and operate sector specific giga-size fulfillment centers.

The fulfilment centers will perform raw material inventory management by importing or domestic sourcing of raw material based, so as to make the material available to the industry on-demand.

5.3.2 Encourage modal share shift in logistics.

The state has the advantage of two perennial river systems Krishna and Godavari. The state has also received approval for National Waterway 4 (NW-4) that runs along the coromandel coast through Kakinada, Eluru, Buckingham canal, and cuts through parts of Krishna and Godavari. State Government will focus on developing NW-4 to leverage benefits of inland water transport for logistic movement.

The state has also received approval for two dedicated Freight corridors (DFC) – North-South DFC connecting Vijayawada to Itarsi (Madhya Pradesh) and East Coast DFC connecting Vijayawada to Kharagpur (West Bengal). State will prioritize road infrastructure projects connecting DFCs to existing and upcoming seaports.

5.4 RATIONALIZATION OF TARIFFS AND DUTIES TO BRING DOWN OPERATING COST

Government will take measures such that power tariff, water tariff, building permission charges, layout charges and any other charges that are affecting the cost competitiveness of the business are rationalized.

Efforts will be made by all the related departments to arrive at equilibrium tariff structures that will assure stability in prices for the manufacturers.

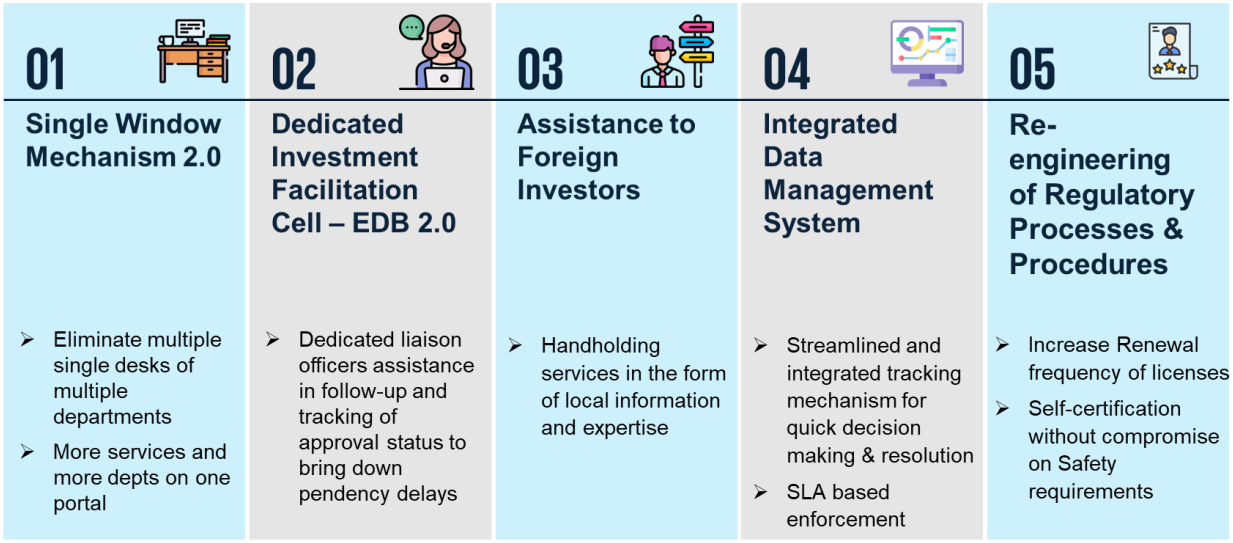
5.5 IMPROVE LABOR PRODUCTIVITY FOR INCREASED AVAILABILITY AND ACCESSIBILITY OF SKILLED TALENT

1. **Skill Census -** Similar to a demographic census, government intends to roll-out a Skill Census in collaboration with industry associations, to systematically collect data on the skill sets of the workforce, assessing existing skills, identifying gaps, and map them against the current and future needs of industries.

2. **Industry adoption of ITIs –** Industry commonly finds skill gap stems from outdated educational curricula, limited industry-academia collaboration, and inadequate practical training. To overcome the barrier, government intends to bring PPP model-based operations of Industrial Training Institutes (ITIs), which will be open for adoption by the nearby industry/industry association, to train the students on specific skills and improve their employability.

3. **Industrial Housing facilities –**To facilitate better living conditions for the employees working in the industrial parks/ areas, land parcels will be ear-marked for development of dormitories with supporting amenities. The housing facilities for industrial workforce will be facilitated by the government in collaboration with related line departments and offered to industries on rental basis. Wherever, industry comes forward for construction of such housing requirements for its workforce, state will support with all necessary approvals.

6 ENABLING SPEED OF DOING BUSINESS


01
Single Window Mechanism 2.0
Eliminate multiple single desks of multiple departments
More services and more depts on one portal
02
Dedicated Investment Facilitation Cell – EDB 2.0
Dedicated liaison officers assistance in follow-up and tracking of approval status to bring down pendency delays
03
Assistance to Foreign Investors
Handholding services in the form of local information and expertise
04
Integrated Data Management System
Streamlined and integrated tracking mechanism for quick decision making & resolution
SLA based enforcement
05
Re-engineering of Regulatory Processes & Procedures
Increase Renewal frequency of licenses
Self-certification without compromise on Safety requirements

6.1 SINGLE WINDOW MECHANISM 2.0

Among the many initiatives undertaken as part of facilitating industry set-up in the State, AP government has launched the Single Desk Portal (SDP) in June 2015. The one-stop-shop is helping industries to obtain more than 93 regulatory clearances required to set-up and operate business in 21 days.

The SDP supports end-to-end transaction processing with online payment and application status tracking. Investors can obtain clearances belonging to 19 departments covering Pre-establishment approvals, pre-operation approvals and renewals.

6.2 DEDICATED INVESTMENT FACILITATION CELL

To reduce the hassle of coordinating with multiple agencies post submission of request for various approvals on Single Desk Portal, the state has created an investment facilitation cell.

Each investor will be assisted by a Liaison officer, who helps the investor in following-up with different line departments and keep the investor updated on the progress of approvals and various pre-requisites pending with the investors.

6.3 ASSISTANCE TO FOREIGN INVESTORS

Andhra Pradesh has traditionally been one of the favored destinations for overseas investors. The Industrial Policy aims to strengthen this trend and promote accelerated growth in foreign investments in the state.

A healthy business environment with predictable and non-discriminatory regime reduces the risk of doing business and is a major contributor to driving foreign investments. The Government is

committed to provide world class infrastructure, state of art R&D centres and quality human capital to attract FDI inflows into the state.

Following support services will be provided to potential investors by select country specific desks:

1. Provide bespoke investor facilitation.
2. Handholding services in the form of local information and expertise
3. Comprehensive portal with business opportunity related information

6.4 RE-ENGINEERING OF REGULATORY PROCESSES AND PROCEDURES

To improve speed of doing business, various services for which approvals need to be sought will be classified into three categories**.**

1. Category 1: Services for which approval is granted basis self-certification on payment of fee and application submission
2. Category 2: Services for which In-principle approval is granted basis self-certification on application submitted, while final approval is granted post inspection
3. Category 3: Services for which applicant will submit the application for approvals. The service deemed to be approved if post inspection approval is not received within defined SLA.

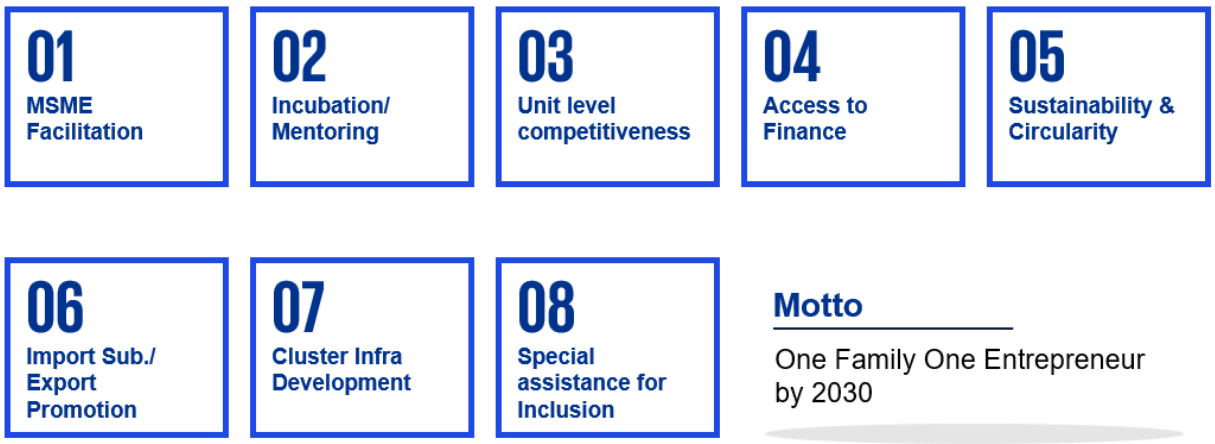
All the above interventions will be carefully and cautiously re-engineered such that industrial safety is not compromised.

6.5 INTEGRATED DATA MANAGEMENT SYSTEM

1. India's digital landscape is thriving, with over 751 Million internet subscribers as of 2024. The country's rapid digitization outpaces many other economies, as evidenced by a 90% increase in its Country Digital Adoption Index score since 2014. Notably, Andhra Pradesh actively promotes digital growth, innovation, and adoption of new technology in development.
2. The department of Industries has taken up multiple digital initiatives to track growth of manufacturing sector in the state. The department will now create an integrated data management system that will help provide information on demand, market, infrastructure, value chain, marketing events, export potential etc. The system will also track industrial output from each of the districts in the state, integrate with current systems such as Gatishakti and enable targeted policy measures to increase industrial output and exports.
3. A dedicated forum constituted by Industry associations, Subject Matter experts, government will be constituted to create a mechanism to receive feedback from industry at regular intervals. The feedback mechanism will help government address any systemic changes/re-engineering required to facilitate speed of doing business for the investors.

7 STRENGTHENING MSMES & ENTREPRENEURS

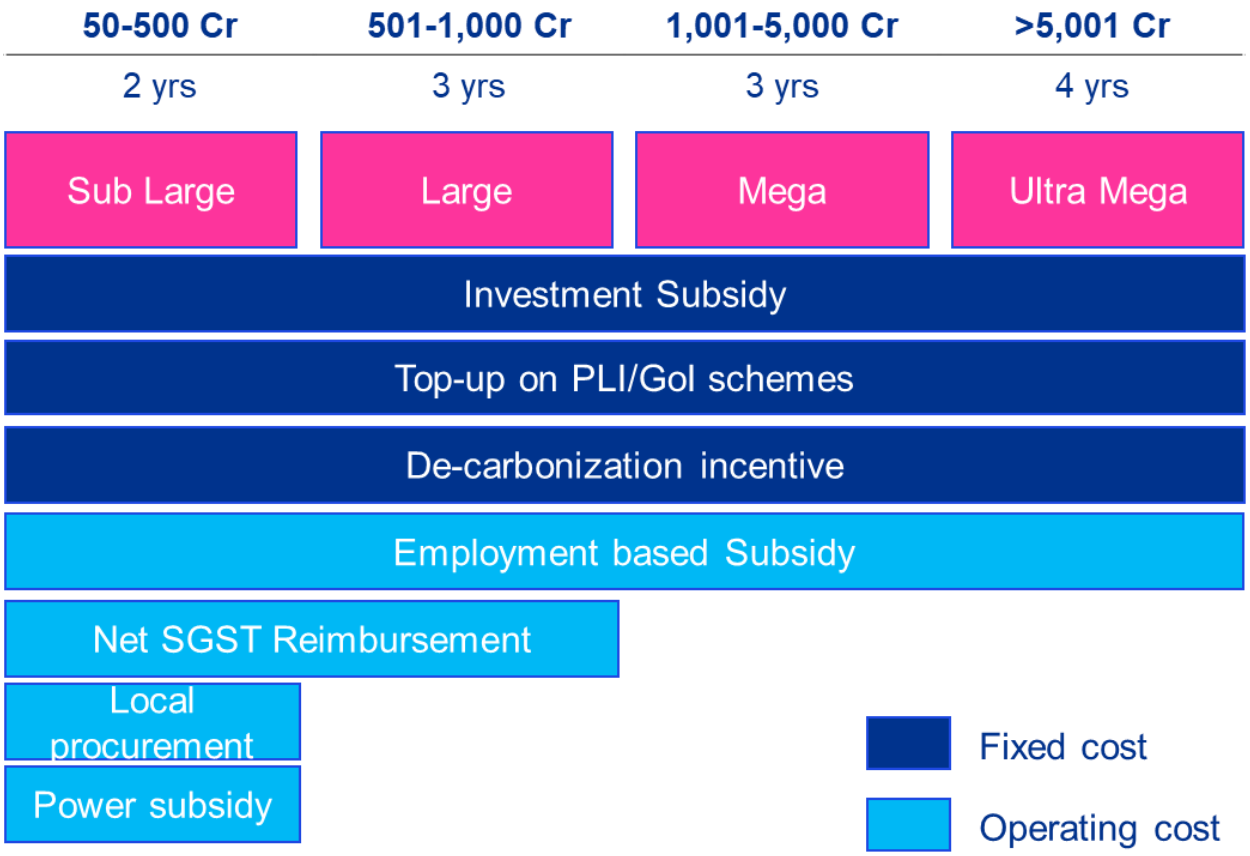
1. MSMEs are considered as backbone of economic growth of any nation and major employment generator. As of February 2024, there are around 7.41 lakh registered MSME units. This sector employs around 61.98 lakh people as of July 2024.
2. The State recognizes that support is particularly required for the MSME sector to keep pace with global manufacturing trends, and to tap the potential of export markets. They are an integral part of fostering community level entrepreneurship and inclusive development.
3. **To provide focused support for MSMEs and new entrepreneurs, particularly in the manufacturing sector, the state will introduce a dedicated MSME and Entrepreneur Development Policy.** This policy will be specifically designed to address the unique needs of the sector.
4. To facilitate organized development of MSME clusters, more than 175 MSME parks, with atleast one park per constituency will be developed. The incentives and models for development are detailed in *Andhra Pradesh Policy for establishment of Private Industrial Parks with 'Plug and Play' Industrial Infrastructure (4.0) 2024-29 ("Policy").*
5. A dedicated corpus of INR 500 Cr will be created during the policy period towards CGTMSE, Technology transfer, revival of sick units, R&D etc.
6. A wholistic 8-dimensionalapproach will be adopted to elevate the competitiveness of our MSMEs and nurture new entrepreneurs to enter global marketplace.



8 FINANCIAL INCENTIVES

The state classifies investment categories into four investment bands attached with standard investment periods defined as below:

#	Category	Fixed Capital Investment Range (INR Crores)	Standard Investment period
1	Sub Large Projects	51 to 500	2 years
2	Large Projects	501 to 1,000	3 years
3	Mega Projects	1,001 to 5,000	3 years
4	Ultra Mega Projects	5,001 and above	4 years



The overall incentive a company can claim, through combination of incentive packages offered through this policy or any subsequent sectoral policies, shall not exceed 100% of FCI in the state of Andhra Pradesh.

To ensure timely disbursement of incentives, government is working towards ESCROW account-based disbursement mechanism.

8.1 INCENTIVES AND CONCESSIONS FOR SUB LARGE PROJECTS

8.1.1 Investment size:

1. Projects with FCI above INR 50 Crores upto INR 500 Crores with committed standard investment period of 2years

8.1.2 Standard Investment Period:

1. 2 Years from Consent for Establishment (CFE)

8.1.3 Investment Subsidy

1. Capital subsidy of 12% of FCI for projects achieving DCP within standard investment period.
2. For Projects delayed beyond committed completion date, the incentive will be reduced by 0.5% for each month of delay in DCP from the committed date in the application.
3. For Enterprises wholly owned by women/BC/SC/ST/specially-abled investors domicile from AP, an additional subsidy of 5% of FCI is applicable.
4. Incentive shall be disbursed in 5 equal annual installments from the DCP.

8.1.4 Top-up on PLI approved applicants from Government of India

1. This incentive is in addition to the investment subsidy, applicable only for those projects that received GoI approval under PLI scheme or any other GoI scheme notified by the state from time to time.
2. State government will give 10% of the total incentive amount sanctioned for the project under the GoI Scheme, capped at a maximum of 5% of FCI made in the state.
3. The incentive is eligible only to the extent of investment committed to GoI and proportionate FCI made in AP.
4. Incentive shall be disbursed in 5 equal annual installments from the DCP.

8.1.5 Employment creation subsidy

1. Projects showing higher Direct employment to investment (FCI) ratio will be incentivized with the employment creation subsidy.

Employment to Investment (E/I) ratio	Eligible incentive (% of FCI)
5 and above	10% of FCI
> = 3 and < 5	9% of FCI
> = 1 and < 3	8% of FCI
Less than 1	NIL

2. Direct employment includes both Full time and contract employees in company's payroll.
3. The eligible incentive will be disbursed in equal annual installments of 5 years from DCP, subject to cumulative employment on-payrolls (in the form of new EPF accounts created by the employer).

8.1.6 Local Procurement Subsidy

1. To encourage domestic sourcing of raw material, **for exporting units in select sectors** registered in the state, government will reimburse 1% of annual export turnover, accumulated over the financial year.
2. The incentive can be claimed annually for 3 years from the date of commercial production or within the policy period whichever is earlier.
3. The eligible sectors will be as defined in the operational guidelines of the policy
4. The incentive is applicable for new and expansion projects.

8.1.7 Power Cost reimbursement

1. Fixed power cost reimbursement at INR 1 per unit for 2 years from the date of commencement of commercial production.
2. It is encouraged that units to invest in energy, water efficient or pollution or waste minimizing machinery to avail De-carbonization subsidy.

8.1.8 Net SGST Reimbursement

1. 100% net SGST payable on the sale of final products manufactured, sold, and registered in the State, will be reimbursed for a period of 5 years from the date of commercial production**.**

8.2 INCENTIVES AND CONCESSIONS FOR LARGE PROJECTS

8.2.1 Investment size:

1. Projects with FCI above INR 501 Crores up to INR 1,000 Crores with committed standard investment period of 3 years

8.2.2 Standard Investment Period:

1. 3 Years from CFE

8.2.3 Investment Subsidy

1. Policy offers a maximum capital subsidy of 12% of FCI subject to installation of committed total plant capacity.

Installed plant capacity	Eligible incentive (% of FCI)
50% of total committed plant capacity	6% of FCI
100% of total committed plant capacity	6% of FCI
Total Eligible incentive	**12% of FCI**

2. For Projects delayed beyond committed completion date, the incentive will be reduced by 0.5% for each month of delay in DCP from the committed date in the application.
3. The incentive eligible in a given financial year shall be disbursed in 7 equal annual installments from the DCP.

8.2.4 Top-up on PLI from Government of India

1. This incentive is in addition to the investment subsidy, applicable only for those projects that received GoI approval under PLI scheme or any other GoI scheme notified by the state from time to time.
2. State government will give 10% of the total incentive amount sanctioned for the project under the GoI Scheme, capped at a maximum of 5% of FCI made in the state.
3. The incentive is eligible only to the extent of investment committed to GoI and proportionate FCI made in AP.
4. Incentive shall be disbursed in 5 equal annual installments from the DCP.

8.2.5 Employment creation subsidy

1. Projects showing higher Direct employment to investment (FCI) ratio will be incentivized with the employment creation subsidy.

Employment to Investment (E/I) ratio	Eligible incentive (% of FCI)
5 and above	10% of FCI
3-5	9% of FCI
1-3	8% of FCI
Less than 1	NIL

2. Direct employment includes both Full time and contract employees in company's payroll.
3. The eligible incentive will be disbursed in equal annual installments of 7 years from DCP, subject to cumulative employment on-payrolls (in the form of new EPF accounts created by the employer).

8.2.6 Net SGST Reimbursement

1. 100% net SGST payable on the sale of final products manufactured, sold, and registered in the State, will be reimbursed for a period of 5 years from the date of commercial production**.**

8.3 INCENTIVES AND CONCESSIONS FOR MEGA AND ULTRA MEGA PROJECTS

Projects with following committed FCI size and standard investment period will be categorized as Mega and Ultra Mega

Project category	FCI Size	Standard Investment period
Mega	Above INR 1,001Crores upto INR 5,000 Crores	3 years
Ultra Mega	Above INR 5,001 Crores	4 years

Tailor made benefits: The Government will extend tailor-made benefits to mega and above projects to suit particular investment requirements on case-to-case basis based on the gestation period, pioneering nature, locational aspects, technology, project's importance to the state's industrial growth and its ability to generate large scale employment for people or revenues for the state.

8.3.1 Investment Subsidy

1. Policy offers a maximum capital subsidy of 15% of FCI subject to installation of committed total plant capacity for both Mega & Ultra Mega projects.

Installed plant capacity	Eligible incentive (% of FCI)
50% of total committed plant capacity	5% of FCI
75% of total committed plant capacity	5% of FCI
100% of total committed plant capacity	5% of FCI
Total Eligible incentive	**15% of FCI**

2. The incentive eligible in a given financial year shall be disbursed in 10 equal annual installments from the DCP for both Mega and Ultra Mega projects.
3. The incentive is applicable or new and expansion projects.
4. For Projects delayed beyond committed completion date, the incentive will be reduced by 0.5% for each month of delay in DCP from the committed date in the application.

8.3.2 Top-up on PLI from Government of India

1. This incentive is in addition to the investment subsidy, applicable only for those projects that received GoI approval under PLI scheme or any other GoI scheme notified by the state from time to time.
2. State government will give 10% of the total incentive amount sanctioned for the project under the GoI Scheme, capped at a maximum of 5% of FCI made in the state.
3. The incentive is eligible only to the extent of investment committed to GoI and proportionate FCI made in AP.
4. Incentive shall be disbursed in 5 equal annual installments from the DCP.

8.3.3 Employment creation subsidy

1. Projects showing higher employment to investment ratio will be incentivized with the employment creation subsidy.

Employment to Investment (E/I) ratio	Eligible incentive (% of FCI)
5 and above	10% of FCI
3-5	9% of FCI
1-3	8% of FCI
Less than 1	NIL

2. The eligible incentive will be disbursed in equal annual installments of **9 years for Mega and 10 years for Ultra Mega** from DCP, subject to cumulative employment on-payrolls (in the form of new EPF accounts created by the employer), shown during the disbursement period.

8.4 STANDARD INCENTIVES AND CONCESSIONS FOR ALL INVESTMENT BANDS

Standard Incentives are applicable for all investment bands Sub-large, Large, Mega and Ultra Mega.

8.4.1 De-carbonization subsidy

1. To encourage circular economy, clean production, waste reduction, resource efficiency, green energy and safety measures government will incentivize responsible investors with de-carbonization subsidy.
2. Investment incurred towards plant and machinery for de-carbonization intervention will receive capital subsidy as a percentage of eligible project cost.

#	Category	Non-Red category (Incentive as % of eligible project cost)	Red category (Incentive as % of eligible project cost)	Maximum incentive (% of FCI)
1	Sub-large	10%	15%	6%
2	Large	20%	25%	
3	Mega	20%	25%	
4	Ultra-Mega	30%	35%	

3. The total incentive under this category will be limited to a maximum of 6% of FCI.
4. The incentive is applicable for projects that are built for captive use.
5. Incentive will be disbursed according to the tenure specified for the respective investment band in the investment subsidy.

8.4.2 Stamp Duty reimbursement

1. 100% stamp duty and transfer duty paid by the industry on purchase of land meant for industrial use will be reimbursed.
2. 100% stamp duty for lease of land/shed/buildings, mortgages and hypothecations will be reimbursed.
3. Stamp duty will be reimbursed only one time on the land. Stamp duty will not be reimbursed on subsequent transactions on the same land.

8.4.3 Land conversion charges

1. 100% fee charged for land conversion will be reimbursed.

8.4.4 Revival of sick units

Government will investigate sick enterprises and on case-to-case basis will extend support and take measures for reviving of the sick units.

9 SPECIAL PACKAGE FOR EARLY BIRD PROJECT SCHEME

1. Special incentives for two categories of investments will be given as described below:
    a. Category I: For the first 200 projects, meeting eligibility conditions, and receiving CFE within 18 months of notification of this policy,will be offered Investment subsidy of 30% of FCI.
    b. Category II: To incentivize value added manufacturing, investments in sectors/sub-sectors identified for promotion by GoI under any PLI schemes, and meeting eligibility conditions, will be offered investment subsidy of 40% of FCI.

For such projects, time requirement to receive CFE will be relaxed to 24 months from notification of this policy.

c. Companies availing benefit under category II are not eligible to avail benefit under category I.

2. The incentives for category I and II in this "Early Bird Project Scheme", will override the "incentive subsidy" applicable in the respective investment band for all Sub Large, Large, Mega & Ultra Mega.
3. For claiming of incentive, the units will have to achieve DCP within the standard investment period defined for the respective investment bands, from the date of notification of this policy.
4. For Mega & Ultra-Mega projects, the state will negotiate a competitive tailored incentive package.
5. This incentive is applicable for both new and expansion projects.
6. The disbursement timeline of incentives under this scheme will be same as that indicated under respective investment band.

10 POLICY IMPLEMENTATION

10.1 STATE INVESTMENT PROMOTION BOARD (SIPB)

For creating an enabling structure to expedite decision making pertaining to industrial projects, SIPB has been constituted with the Chief Minister as the Chairman and the Chief Secretary to the Government as Member Convener. The SIPB shall meet once a month for taking final decision on investments/promotion activities and for approval of Megaprojects.

10.2 STATE INVESTMENT PROMOTION COMMITTEE (SIPC)

SIPC chaired by the Chief Secretary to the Government and convened by Commissioner Industries shall meet every month to monitor and review the following:

1. Performance of single desk system
2. Policy issues relating to investment facilitation and project grounding
3. Implementation of all large/mega ongoing projects
4. Screening of all mega project proposals
5. Scrutiny of all issues/proposals which may merit consideration of the SIPB
6. Any other issue governing industrial environment proposed by Commissioner Industries

Members of the SIPC shall include:

1. Secretary, Industries
2. Secretary, Finance
3. Secretary, Environment, Forest, Science & Technology
4. Secretary, Revenue (LA)
5. Secretary, Revenue (CT)

6. Secretary, Employment & Labour
7. Member Secretary Pollution Control Board
8. Secretary, Energy & Infrastructure
9. Secretary, MAUD
10. VC and MD APIIC
11. Secretary Panchayati Raj
12. Commissioner, Industries (Convener)
13. Any other secretary/HOD as required on case-to-case basis

On case-to-case basis, SIPC shall advice SIPB on any changes, amendments, recommendations for tailor made incentives for eligible investment proposals. However, the final decision to approve any change will rest with SIPB.

On case-to-case basis, SIPC shall advice SIPB on any changes, amendments.

10.3 OPERATING GUIDELINES

The operating guidelines for this policy will be issued separately detailing the definitions of various terminologies and procedures for availing incentives under this policy.

N YUVARAJ
SECRETARY TO GOVERNMENT & CIP